

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

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E.O. 11652: N/A

TAGS: APUB, MX

SUBJ: RELEASE ON EXIMBANK LOAN TO MEXICO

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE
ON THE \$3 BILLION MARK HIT BY THE BANK IN ITS SUPPORT OF
SALES OF U.S. NUCLEAR POWER EQUIPMENT WITH ITS
DIRECT LOAN OF \$25,515,000 TO COMISION FEDERAL DE
ELECTRICIDA. RELEASE IS SCHEDULED FOR ANNOUNCEMENT
HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, WEDNESDAY,
OCTOBER 31, 1973.

QUOTE: EXIMBANK HITS \$3 BILLION MARK IN ITS SUPPORT
OF SALES OF U.S. NUCLEAR POWER EQUIPMENT WITH CREDIT
TO MEXICO

CHAIRMAN HENRY KEARNS OF THE EXPORT-IMPORT BANK OF
THE UNITED STATES ANNOUNCED THAT THE BANK HAS HIT A
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\$3 BILLION MARK IN ITS FINANCIAL SUPPORT OF THE SALE

OF U.S. EQUIPMENT AND SERVICES FOR NUCLEAR POWER DEVELOPMENT THROUGHOUT THE WORLD. THE \$3 BILLION IN U.S. SALES IS BEING SUPPORTED BY EXIMBANK'S DIRECT LOANS TOTALLING SOME \$1.9 BILLION AND FINANCIAL GUARANTEES OF LOANS BY OTHER LENDERS TOTALLING SOME \$649 MILLION. THIS FINANCING IS FOR COUNTRIES IN LATIN AMERICA, EUROPE, ASIA AND THE FAR EAST AND INVOLVE SOME 49 INDIVIDUAL CREDITS.

THE \$3 BILLION MILESTONE WAS REACHED BY THE BANK WITH THE AUTHORIZATION BY THE BANK'S BOARD OF DIRECTORS OF A DIRECT LOAN OF \$25,515,000 TO MEXICO WHICH WILL FINANCE 45 PERCENT OF THE TOTAL U.S. COSTS OF \$56.7 MILLION FOR U.S. EQUIPMENT AND SERVICES FOR THE SECOND 600 MW NUCLEAR POWER PLANT UNIT OF THE LAGUNA VERDE POWER STATION. EXIMBANK IS ALSO PROVIDING A FINANCIAL GUARANTEE OF A LOAN OF \$25,515,000 FROM PRIVATE SOURCES NOT YET DESIGNATED TO COVER ANOTHER 45 PERCENT OF THE U.S. COSTS. THE BORROWER, COMISION FEDERAL DE ELECTRICIDAD (CFE), WILL MAKE CASH PAYMENT OF 10 PERCENT OF THE TOTAL U.S. COSTS OR \$5,670,000. CFE IS AN AUTONOMOUS INSTITUTION OF THE GOVERNMENT OF MEXICO, WHICH PROVIDES MOST OF THE COUNTRIES POWER NEEDS EITHER DIRECTLY OR THROUGH ITS SUBSIDIARIES.

CFE PLANS CONSTRUCTION ON A SEQUENTIAL BASIS OF THE FIRST AND SECOND UNITS OF THE LAGUNA VERDE POWER STATION. THE GENERAL ELECTRIC COMPANY WILL BE THE PRIME SUPPLIER OF THE NUCLEAR STEAM SUPPLY SYSTEM. THE FIRST UNIT WAS ALSO SUPPORTED WITH EXIMBANK'S FINANCIAL ASSISTANCE AUTHORIZED IN 1972 WITH A DIRECT CREDIT OF \$27,090,000 TO COVER 45 PERCENT OF THE TOTAL U.S. SALES OF \$60.2 MILLION AND A FINANCIAL GUARANTEE OF A LOAN OF \$27,090,000 FROM WELLS FARGO BANK, SAN FRANCISCO, TO COVER ANOTHER 45 PERCENT OF THE U.S. COSTS. THE FIRST 600 MW PLANT IS NOW UNDER CONSTRUCTION AT THE PLANT SITE APPROXIMATELY 100 KM NORTH OF VERA CRUZ AND ON THE GULF OF MEXICO.

REPAYMENT OF \$38.1 MILLION COVERING COST OF EQUIPMENT
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AND SERVICES FOR THE PLANT IN THE CURRENT TRANSACTION IS TO BE MADE IN 30 SEMIANNUAL INSTALLMENTS BEGINNING NOVEMBER 10, 1979, WITH EXIMBANK'S PORTION OF \$17,145,000 TO BE REPAYED OUT OF THE LAST 15 INSTALLMENTS. REPAYMENT OF \$18.6 MILLION IN LOANS COVERING THE FINANCING OF THE INITIAL FUEL CORE IS TO BE MADE IN 10 SEMIANNUAL INSTALLMENTS BEGINNING NOVEMBER 10, 1979, WITH EXIMBANK'S PORTION OF \$8,370,000 TO BE REPAYED

OUT OF THE LAST 5 INSTALLMENTS. INTEREST ON EXIMBANK'S
FINANCING IS TO BE AT THE ANNUAL RATE OF 6 PERCENT
ON OUTSTANDING BALANCES. REPAYMENT OF ALL LOANS IS TO
BE GUARANTEED BY NACIONAL FINANCIERA S.A. UNQUOTE.
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